

**A NEW TWIST TO AN OLD PRACTICE:
MICHIGAN'S CONSERVATION RESERVE ENHANCEMENT PROGRAM**
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Introduction

In September 2000, the State of Michigan signed an agreement to partner with the United States Department of Agriculture (USDA) to implement the Conservation Reserve Enhancement Program (CREP), an offspring of the nation's largest private lands conservation program, the Conservation Reserve Program (CRP). This program was authorized under the 1996 Federal Agriculture Improvement and Reform Act. The Conservation Reserve Enhancement Program is a voluntary program for agricultural landowners designed to protect environmentally sensitive land, increase wildlife habitat, and safeguard ground and surface water resources. Similar to the CRP, CREP relies on financial incentives to encourage agricultural landowners to enroll eligible land in 15- year contracts to keep the land out of agricultural production and implement specific conservation practices. The estimated cost of the program over the next 15 years is \$170.5 million, with \$145 million coming from Federal sources and \$25.5 million coming from State and private sources. To date, 17 states, including Michigan, have partnered with the USDA to develop a state-specific CREP and many more states are working on their CREP proposals.

Michigan's CREP

The Michigan Department of Agriculture (MDA) is the lead agency for the State and has partnered with the USDA and various other public and private conservation groups to develop a program to improve the water quality in three unique watersheds in Michigan. Pursuant to the agreement with the USDA, the Michigan CREP will involve, initially, a total of 80,000 acres of land in the Lake Macatawa, River Raisin, and Saginaw Bay watersheds. Michigan's CREP will be tailored to address the local needs of each watershed in terms of non-point source pollution, ground and surface water issues, soil erosion, and wildlife habitat issues. [Figure 1](#) displays the priority watersheds in Michigan to be covered by CREP.

The Michigan CREP is designed to meet specific, measurable environmental goals through the use of eight select conservation practices. These conservation practices attempt to mitigate the adverse impacts of production agriculture on water quality and wildlife in the three watersheds. Only eligible land within the project area that is not currently under an existing CRP contract may be enrolled in CREP. Landowners will be enrolled in the program on a continuous basis until the authorized 80,000 acres are under contract or December 31, 2002, whichever is sooner. As of August 30, 2001, 27,000 acres were enrolled in CREP. Of this total, 10,000 acres have approved conservation practice plans and are under signed contracts with the USDA.

Figure 1



Under Michigan's program, CREP participants are eligible for various payments from the USDA and the State. The USDA is responsible for 50% of the conservation practice installation costs. In addition to the one-time cost-share payment, the USDA will provide a one-time incentive payment of \$140 to \$150 per acre and/or 40% of the total practice installation costs, depending on the conservation practice. Once the practice is in place, the USDA will provide landowners with annual payments, including a base rental payment representing the soil rental rate¹ (SRR) of the land, an incentive payment equal to 40% of the SRR, and a maintenance payment of \$5 to \$10 per acre. The USDA will make these payments directly to landowners under a consolidated annual CRP payment.

Michigan also will provide annual and lump sum payments. Michigan will cover the other 50% of the practice installation costs, thereby eliminating any monetary costs to the producer of implementing eligible conservation practices. Once the conservation practice is established, Michigan also will provide an annual incentive payment equal to 10% of the SRR. Pursuant to the CREP agreement, the State of Michigan also is responsible for a voluntary easement program whereby the State will purchase development rights.

State funding to encourage conservation practices will come from a combination of State resources, including restricted and General Fund/General Purpose revenue. Table 1 lists the funding identified for Michigan's CREP over the next 15 years. State restricted resources will support those conservation practices related to the intended purpose of the restricted funding source to ensure the appropriate and consistent use of such funds. State funding for CREP has been included in a number of appropriation acts dating back to fiscal year (FY) 1997-98, with the balances of the appropriations carried forward each year as work projects. Federal funding will not be appropriated through the State budget as the Federal portion of the CREP payments will be made directly by the USDA through the CRP agreements with landowners.

Table 1: Funding for Michigan's CREP	
State Sources - Various	
Clean Michigan Initiative-Clean Water	\$5,000,000
Clean Michigan Initiative-Non Point Source Pollution Control	4,000,000
Department of Natural Resources-GF/GP ¹	10,000,000
Department of Natural Resources-Game and Fish	6,000,000
Private Funding-Ducks Unlimited	\$500,000
Federal Funding - USDA	\$145,500,000
TOTAL	\$171,000,000
¹ As part of the agreement to balance the FY 2000-01 budget, the State Budget Office reduced the work project balance of this appropriation by \$4,125,000.	

In addition to its financial commitments for the selected conservation practices, the State of Michigan will be responsible for an annual monitoring program, technical assistance, and a public information/education program. These activities will be supported by the efforts of the Michigan Departments of Agriculture, Environmental Quality, and Natural Resources, as well as Ducks Unlimited.

Michigan's CREP agreement with the USDA requires the State to develop a voluntary easement program. The State is solely responsible for all costs associated with this program, including securing easements, monitoring, and enforcement.

¹ Soil rental rate is determined by the USDA and can vary by county and sometimes within counties.

Public Act 176 of 2001

Public Act (P.A.) 176 of 2001 (Enrolled House Bill 5013) amended Part 82 of the Natural Resources and Environmental Protection Act to allow the Michigan Department of Agriculture to develop conservation programs designed to encourage conservation practices in the State. This legislation provides the requisite statutory authority for the MDA to implement some of the State's commitments under the CREP agreement. Specifically, P.A. 176 authorizes the Department, in implementing the conservation programs, to:

- Enter into contracts with one or more people for the implementation of conservation practices on their land.
- Enter into contracts or other agreements with one or more persons to administer or promote conservation programs or to implement conservation practices.
- Provide payments, financial incentives, or, upon verification, reimbursement for rental payments, or for costs of conservation practice implementation.
- Promote the use of conservation practices.
- Recognize and provide awards for people who have implemented conservation practices.
- Monitor and verify compliance with conservation plans.
- Enforce contracts or other agreements.

The Act also authorizes the MDA to provide for conservation practice plan verification, including on-site inspections of conservation practices. Based on a determination made by the Department, it may revoke a person's conservation practice verification. A revocation may subject a person to penalties and repayment of all or a portion of the payments, financial incentives, rental payments, and conservation practice implementation cost-share payments.

In addition, P.A. 176 creates the Agriculture Pollution Prevention Fund in the State Treasury to receive money or other assets from any source. Current State appropriations for CREP are redirected to the Agriculture Pollution Prevention Fund to consolidate the dedicated funding within the MDA. The State Treasurer will direct the investment of the Fund and credit any interest and earnings to it. Money in the Fund is subject to appropriation and dedicated for conservation-related programs. In addition, up to 20% of the annual appropriations from the Fund may be used for the administrative costs of the Department related to implementing the conservation programs.